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RUEHDM/AMEMBASSY DAMASCUS 8248  
RUEHLO/AMEMBASSY LONDON 5001  
RUEHTV/AMEMBASSY TEL AVIV 5104  
RUEHBS/USEU BRUSSELS  
RUCPDO/DEPT OF COMMERCE WASHDC  
RHEHNSC/NSC WASHDC  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L JERUSALEM 000041

SIPDIS

NEA FOR IPA, PPD, AND SEMEP; JOINT STAFF FOR LTGEN SELVA;  
PLEASE PASS TO USAID FOR ANE/MEA:SBORODIN; NSC FOR KUMAR

E.O. 12958: DECL: 01/07/2020  
TAGS: [ECON](#) [ETRD](#) [EAID](#) [PGOV](#) [KWBG](#) [IS](#)  
SUBJECT: PALESTINIAN AUTHORITY LEADS HIGH-PROFILE CAMPAIGN  
AGAINST SETTLEMENT PRODUCTS

REF: OSC GMP2010010611100

Classified By: Consul General Daniel Rubinstein for reasons 1.4 b, d.

11. (U) This message contains an action request; please see  
para 3.

12. (C) Summary: The Palestinian Authority (PA) has launched  
a high-profile campaign against products from Israeli  
settlements found on Palestinian store shelves, and has  
called for further international boycotts of settlement  
goods. Prime Minister Salam Fayyad has participated in the  
public destruction of confiscated settlement goods. PA  
officials, including Fayyad, regularly state that the ban  
applies only to settlement products, while products from  
"Green Line" Israel will continue to be welcome in  
Palestinian markets. Some Palestinian business owners who  
have had inventory confiscated grumble privately that they  
are the real losers in this campaign, but PA officials assert  
that they have provided more than adequate notice of their  
plans. The PA now plans to launch a joint public-private  
fund to support the campaign. End Summary.

13. (C) Action Request: Post seeks guidance on how to respond  
to PA and public inquiries regarding U.S. treatment of  
products from Israeli settlements under the U.S.-Israel FTA.  
End Action Request.

From Announcement to Enforcement  
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14. (SBU) PA officials and Palestinian private sector contacts  
confirm that the PA has launched an intensive campaign to  
confiscate Israeli settlement products throughout the West  
Bank. The PA Ministry of National Economy reports that the  
PA confiscated more than USD 150,000 worth of goods in the  
second week of December alone. Prime Minister Fayyad took  
part in a public ceremony on January 5, in which he joined  
others in tossing recently-confiscated settlement products  
onto a fire (ref). Post contacts and press reports note that  
confiscated products included Israeli goods made in the West  
Bank (such as Dead Sea Ahava cosmetics), plus goods made in  
the Golan Heights (long-life milk) and East Jerusalem  
(pastries from the Atarot industrial park). On January 12,  
the PA plans to launch a joint public-private fund to  
undertake marketing and other campaigns in support of the  
effort to "cleanse" Palestinian markets of these goods by the  
end of 2010.

¶5. (C) Minister of National Economy Hasan Abu-Libdeh told EconChief that he informed the heads of Palestinian business associations in October that the PA would launch this campaign, actively enforcing a law that has been on the books for years. The PA subsequently issued public statements and notified regional chambers of commerce about the boycott, but did not make a concerted effort to enforce it until the past few weeks.

#### It,s All -- And Only -- About Settlements

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¶6. (C) PA officials, in both public and private, are quick to differentiate between Israeli products and those made in settlements. Abu-Libdeh told EconChief, "Every time the Prime Minister or I talk about this, we say the following: 'We are committed to the Paris Protocol, in spite of Israel's non-compliance, and welcome Israeli products in our market.'"

Note: The Paris Protocol of 1994 regulates economic relations between Israel and the PA. End Note. Abu-Libdeh admitted there are Palestinians who work in settlement factories and on settlement farms. He said Fayyad would support their efforts to find other employment. But, Abu-Libdeh added, "We will not sacrifice the future of our nation for the benefit of 30,000 households. Settlements corrode the heart of our national enterprise."

#### Linked to Calls for International Boycotts

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¶7. (SBU) PA officials have also been quick to link their campaign with international calls to boycott (or at least identify) goods produced in settlements. One PA official publicly stated that "we can,t demand that others do what we,re not doing ourselves." President Mahmud Abbas (Abu Mazen) told the press that "(It) is our right to boycott the settlements. The settlements are taking our land and selling the products to the world, so we ask the world not to buy these products."

¶8. (C) Abu-Libdeh praised the UK demand that products from West Bank settlements be labeled as such, and that they be denied preferential tariff treatment. He told EconChief on January 6 that the UK approach "is entirely consistent with the U.S. policy on settlements." Abu-Libdeh opined, "The U.S. should lead the effort to weaken the economic infrastructure of settlements."

#### Some Traders Grumble

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¶9. (C) Khalid Abd al-Razek, who owns one of the West Bank's largest tourist centers, told Econoff that PA customs police entered his Jericho store in mid-December 2009, confiscating thousands of dollars worth of products made by Ahava (a cosmetics and beauty treatments maker located in a West Bank settlement). Razek complained the PA did not give him any written warning, and described the PA operation as "stealing." He noted that only a week prior to the confiscation, PA customs approved those same products for import and "gladly collected the tax revenues" on them. Razek said he plans to argue for compensation because of the lack of a written warning, and because there is no Palestinian replacement for the product. He said, "By removing Ahava products, the PA eliminates the entire market, only further weakening the Palestinian economy and putting a lot of Palestinians out of work."

¶10. (SBU) A Ramallah supermarket owner told Econoffs that PA officials were now regularly inspecting the items on his shelves to ensure there are no settlement products. He claimed to have a hard time identifying the origin of Israeli produce as it arrives from his suppliers. "My Hebrew isn,t great anyway, and the settlers aren,t going to label their tomatoes as such." He said that PA officials point out to him products they identify as originating in settlements, and give him a matter of days to get them off his shelves. Note:

In a walkthrough of his supermarket, there was a clear mix of Palestinian, Israeli, Arab, and Western goods. He said the PA was also stepping up enforcement of the requirement that all products include Arabic language ingredients and nutritional data. End Note.  
RUBINSTEIN